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IN THE

Supreme Court of the United States

October Term, 1949

No. 486

ROBERTSON ROCK BIT COMPANY, INC., INDUSTRIAL MANUFACTURING & TOOL CO., and COLIN T. ROBERTSON,

Petitioners,

vs.

HUGHES TOOL COMPANY,

Respondent.

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT.

FLOYD H. CREWS,
Attorney for Petitioners,
405 Lexington Avenue,
New York 17, N. Y.

ROBERT P. PATTERSON,
1 Wall Street,
New York, N. Y.,

DARBY & DARBY,
HARVEY W. MORTIMER,
405 Lexington Avenue,
New York 17, N. Y.,
Of Counsel.

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There Is an Issue of Law as to Misuse of Patents.

Respondent insists throughout its brief that the petition presents a conflict only as to facts, but not as to law, with respect to Respondent's misuse of its patents in preventing retipping.

This is not the case and Hughes Tool (Respondent) is at the present time asserting the contrary before the United States Court of Appeals for the Tenth Circuit.

One of the instances of misuse relied upon by Petitioners (Brief, p. 12) is the suit by Hughes Tool against *Williams*, reported at 82 Fed. Supp. 408 (1949), which was a suit against a "retipper" in which the District Court held that on the facts of that case Hughes Tool's patents had not been misused. An appeal has been taken to the United

States Court of Appeals for the Tenth Circuit by Williams, and briefs have been filed by Williams, by Hughes Tool, and by the United States as *amicus curiae,* on that appeal. The appeal has not yet been decided.

In Hughes Tool's brief on that appeal (which was filed three weeks after the present petition was filed) it asserts that "the substance of the charge" of misuse in the *Williams* case is identical with the charge here. This occurs on page 39 of its brief in the *Williams* case where the statement is made with respect to the argument on misuse of patents:

> "Substantially the identical argument was made and rejected in *Robertson Rock Bit Co.* v. *Hughes Tool Co.,* 176 F. (2d) 783 (C. A. 5, 1949). The appellant" (Williams) "suggests that the record in that case must have been quite different from the record here (Appellant's Br., p. 22). Although the witnesses were not identical, the substance of the charge was identical. Appellant also suggests that the *Robertson* case was different since the defendants there made and sold 'what appeared to be an exact copy of the Hughes bit as embodied in the patents sued upon'. This is no distinction whatsoever. The Appellant avowedly rebuilds Appellee's bits to conform as nearly as possible to their original condition."

In the brief of the United States as *amicus curiae* (filed Jan. 6, 1950), on pages 5 and 6 under the title "Issues Involved", the Government said:

> "The District Court's decision on the facts as outlined presents several issues, including the validity of the patents involved, the defense of 'misuse' and others. The Government's primary concern here is with those issues of general public interest that

involve the question whether plaintiff has misused its patents to extend its control over competitive activities beyond the scope of such patents.[2] The specific issues of interest to the Government are:

"(1) Whether plaintiff's adoption of leasing practices which preclude the users of bits from exercising the right to have them retipped, constitutes a misuse of its patent rights which will bar it from suing defendant for infringement. It is the Government's view that plaintiff's practices create such a bar.

"(2) Whether, irrespective of misuse, defendant's acts constituted reconstruction of the article to which the patents relate, as found by the District Court, or merely repair of the article. It is the Government's view that these acts constituted repair and, therefore, that defendant would not be guilty of infringement.

"(3) Whether plaintiff, through the leasing arrangement adopted by it, can preclude the users of bits from having them retipped, with the result that defendant's acts of retipping would constitute an interference with plaintiff's contract rights. It is the Government's view that plaintiff cannot."

Obviously it is the Government's view, as stated in that brief, that an issue of law is raised on the facts of that case, in which Hughes Tool has asserted to the Court of Appeals that "the substance of the charge" is identical with the charge here.

" [2] In addition to the question of patent validity, we have excluded from our consideration such questions as whether under established rules of law, the facts of this case will support either the granting of an injunction or the award of damages against defendant, whether plaintiff's disposal constituted a lease or sale, whether plaintiff's 'lease' permitted retipping by others, etc."

Conversion, Title, and "Leasing".

As to the violation of Rule 52(a) on the issue of conversion, Hughes Tool states on page 2 that

> "The only dispute as to this was with respect to the Respondent's title, * * * "

but on page 10 shifts to the position that

> "The Trial Court found the transactions to be leases (R. 299). This was the contested matter."

Neither of these issues has any bearing on the issue of conversion. The title question raised was Respondent's title to its patents, not to any bits. The lease question raised involved only misuse of patents.

Respectfully submitted,

FLOYD H. CREWS,
Attorney for Petitioners.

ROBERT P. PATTERSON,
DARBY & DARBY,
HARVEY W. MORTIMER,
Of Counsel.

Dated: New York, N. Y.
January 23, 1950.